

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Fitchburg Gas and Electric Light Company)
_____)

D.T.E. 02- 85

**PETITION FOR APPROVAL OF
CAPACITY CONTRACT RESTRUCTURING PLAN**

Fitchburg Gas and Electric Light Company ("FG&E" or the "Company") hereby petitions the Department of Telecommunications and Energy (the "Department") for approval of an implementation plan to restructure its capacity contracts with Tennessee Gas Pipeline Company ("Tennessee") and storage contract with Tennessee and enter into related contractual commitments .

In support of its request, FG&E states as follows:

1. FG&E is a combined gas and electric distribution company currently providing retail electric and natural gas distribution services to approximately 42,000 customers in north-central Massachusetts. In particular to the Gas Division, FG&E provides gas distribution service to approximately 15,000 customers in the communities of Fitchburg, Townsend, Lunenburg, Ashby, Westminster and Gardner.

2. On May 1, 2000, FG&E filed its 1999-2004 Long-Range Resource and Requirements Plan (the "Supply Plan") with the Department in D.T.E. 00-42. In the Supply Plan, the Company indicated that it had eight firm transportation agreements with Tennessee, four for FT-A short-haul service and four for FT-A long-haul service. The Company further

Petition for Approval of Capacity Restructuring Plan
Fitchburg Gas and Electric Light Company
D.T.E. 02-85
Page 2

indicated that it had a storage contract with Tennessee. The Department approved FG&E's Supply Plan on January 12, 2001.

3. In September 2002, FG&E filed for approval of a replacement contract with Tennessee, which was docketed as D.T.E. 02-55. The Company determined that it could reduce its portfolio cost by entering into a Zone 6-to-6 contract and subsequently terminating short-haul Contract No. 252, thereby reducing firm city gate delivery costs while providing access to an expanded menu of newer gas supply options. Accordingly, FG&E terminated Contract No. 252 effective January 15, 2003 and entered into a replacement contract with Tennessee for Firm FT-A short-haul transportation service from Dracut, Massachusetts to the Fitchburg city gate. The Maximum Daily Quantity ("MDQ") is 550 Dth/day and the contract is effective from December 1, 2002 to January 31, 2004 with a renewal notification date of January 2003. Approval of this replacement contract is currently pending before the Department.

4. In 2003, FG&E must make a number of decisions in regards to renewing its capacity contracts. Five of FG&E's Tennessee capacity contracts terminate on January 31, 2004 and the remaining three contracts terminate on March 31, 2004. FG&E's storage contract with Tennessee also terminates on March 31, 2004. FG&E is required to provide renewal notification one year prior to the termination dates for the Tennessee contracts.

5. FG&E is planning to take advantage of the renewal options available to the Company under existing capacity contracts while transferring small increments of long-haul capacity to short-haul capacity where appropriate to improve the economics, diversity and flexibility of the portfolio. FG&E is also planning to renew the Tennessee storage contract.

Petition for Approval of Capacity Restructuring Plan
Fitchburg Gas and Electric Light Company
D.T.E. 02-~~85~~
Page 3

6. FG&E is making this filing at this time in order to balance the Department's requirements for approval of the capacity contracts and the Tennessee procedures for requesting capacity renewals, which do not provide for the Department's review. The Department has directed Massachusetts LDCs to seek approval for supply, capacity and storage contracts under G. L. c. 164, § 94A. This statute requires gas companies to either seek prior approval to enter into a contract or to include in the contract a provision subjecting the price to be paid therein to review and determination by the Department. The Tennessee procedures for capacity contract renewals do not provide an interim period to accommodate the Department's review, nor do they allow inclusion of contract provisions subjecting the price to be paid under the contract to subsequent review by the Department. Accordingly, to accommodate both the Department's directives and Tennessee's procedures, FG&E is seeking approval to implement a restructuring plan for certain contract renewals and to enter into those related contractual commitments.

7. In support of the requested approval, FG&E submits the testimony of David B. Daskocil to demonstrate that the plan to restructure the capacity contracts (1) is consistent with the portfolio objectives established in the Company's Supply Plan as approved in D.T.E. 00-42 and (2) compares favorably to the range of alternatives reasonably available to the Company and its customers.

8. Mr. Daskocil's testimony describes the capacity contract renewal process and timeline, describes the Company's capacity contract restructuring plan, evaluates the plan in terms of cost and non-cost factors, and explains how the restructuring plan is consistent with the resource requirements set forth in the Company's most recently-approved Supply Plan.

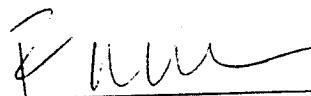
Petition for Approval of Capacity Restructuring Plan
Fitchburg Gas and Electric Light Company
D.T.E. 02-85
Page 4

WHEREFORE, for all the reasons set forth in this Petition and in the accompanying Testimony of David Daskocil, Fitchburg Gas and Electric Light Company respectfully requests that the Department of Telecommunications and Energy: 1) find that the contract restructuring plan is consistent with the portfolio objectives established in the Company's Supply Plan and compares favorably to the range of alternatives available to the Company; 2) approve of FG&E entering into contracts to purchase capacity consistent with its restructuring plan; and 3) issue any other orders and approvals as may be appropriate and necessary and are consistent with the Company's request.

Respectfully submitted,

**FITCHBURG GAS AND ELECTRIC LIGHT
COMPANY**

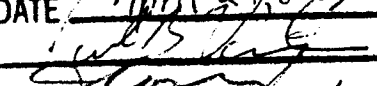
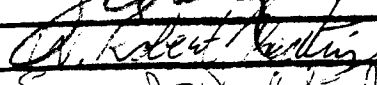
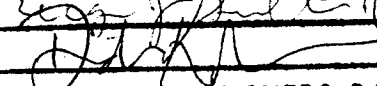
By its attorneys,



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APPROVED	
DATE	April 24, 2003
	
	
	
COMMISSIONERS, D.T.E.	